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23 MAY 1963

MEMORANDUM FOR: Director, NRO Program A
Director, NRO Program B

SUBJECT: NRO Processing and Printing Technology Research and Development Contracts with Eastman Kodak Company

(This memorandum supersedes [redacted]-63, subject as above, dated 16 May 1963, all copies of which will be destroyed).

Since being appointed Director of the National Reconnaissance Office, I have been concerned over the existence of two separate NRO contracts involving level-of-effort within the same general field at the Eastman Kodak Company. I have carefully reviewed the controversial background against which both of these contracts were established, including the rationale used by the former Director in directing the contract presently held by the Director, NRO Program A, and the rationale advanced in support of the continued existence of the NRO Program B contract. I cannot allow the present situation to continue. Regardless of the amount of NRO control which may be possible after efforts under either contract exceed the [redacted] upon which they must receive specific approval for further expenditure of funds, there is inadequate control below this limit. Furthermore, the existence of two contracts has in effect doubled the previously agreed to level-of-effort which the NRO should support at the Eastman Kodak Company, in addition to complicating the task of sound and efficient management of the total NRO development effort in this important area.

I had hoped that this matter could be resolved by agreement. However, after numerous discussions, I am left with no alternative but to make a decision and direct corrective action. After considering the views of the Director, NRO Program A, the Director, NRO Program B, and those of members of the NRO Staff, I have reached a decision that the NRO will have a single processing and printing technology research and development contract with the Eastman Kodak Company, which will include all NRO level-of-effort R&D, sole source product improvement of processing equipment and sole source development of new equipment in this field. It will not include processing, technical consultation and training services in this field, or procurement of films, chemicals and photographic materials. Accordingly, under the authority delegated to me in paragraph IV, C of the 13 March 1963 DOD-CIA Agreement, I hereby assign tasks and direct action as follows:

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a. The CIA is assigned the task of providing contractual administration for this contract. The contracting officer will be physically located at the Air Force Space Systems Division (SAFSP), El Segundo, California, and assigned to the Director, NRO Program A. I assume that the CIA contracting officer who is presently assigned to the Director, NRO Program A will be delegated this task.

b. The Director, NRO Program A, is assigned the task of technical management of this contract. He will carry out this responsibility through utilization of a 3-man board which will operate in a manner similar to that of the CCB which has functioned so successfully in other NRO efforts. The Director, NRO Program A will provide the chairman of this board, with one member to be provided by the Director, NRO Program B, and one member to be provided from the NRO Staff.

c. The current work statement of contract AF [redacted] shall be utilized for this contract.

d. In accordance with the above, the present A[redacted] contract is to be transferred to the CIA [redacted], and the present CIA NRO contract [redacted] to be terminated. The two significant projects [redacted] been approved previously by the Director, NRO Progra[redacted] covered under the transferred contract AF [redacted]

e. The Director, NRO Program A is to contract separately with the Eastman Kodak Company for necessary technical consultation and training services for HPPL.

f. The CIA will provide for NRO processing by the Eastman Kodak Company through a separate contract.

g. Procurement of films, chemicals and supplies of photographic materials will continue to be handled as at present, through separate CIA and DOD contracts, under NRO direction.

While I realize that the above direction will not be considered ideal by all involved, it is my considered judgment that it represents the most reasonable course of action. In recognition of the CIA responsibility for contract administration of the NRO processing laboratory at the Eastman Kodak Company, the responsibility for administering the contract for the related research and development effort is assigned to the CIA. In recognition of the existing research and development program in the field of processing and printing technology being carried out by the Director, NRO Program A, which involves numerous projects with other contractors, in view of the existing Program A capabilities for technical management of both this program and the program at the Eastman Kodak

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Company, and in recognition of the fact that many of the developments which will result from both efforts will be utilized in the laboratories operated by various Department of Defense elements, the technical management responsibility is assigned to the Director, NRO Program A. This follows the same pattern of task assignment successfully and harmoniously carried out in the NRO LANYARD project, in which the CIA provides similar contractual administration and the Director, NRO Program A is responsible for the technical management. Furthermore, it provides single point management of the entire NRO R&D effort in this field while assuring full consideration of the views of the separate NRO units involved.

The above direction is to be implemented promptly. It is essential that this situation be cleared up without further adverse effect upon the NRO, the contractor, or the projects involved.

Signed
Brockway McMillan
Director
National Reconnaissance Office

cc: DDSRO

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